

Philip Morris USA

Implications

WEEKLY UPDATE IMPLICATIONS FEBRUARY 28, 1994

- Quarter to date volume through February expanded to 6.0 billion units above O.B., with volume influenced by:
 - Improvement in the going rate. 1.0 billion
 - Less than expected payback from year end inventory accumulation. 1.2 billion
 - McLane excess, including LIFO orders. 2.7 billion
 - Increased shipments to Michigan accounts prior to the May 1 state excise tax increase. 0.8 billion
 - Speculative direct account purchases. 0.3 billion
- All performance measurement trigger points with the exception of Basic's share of the Discount category in C-stores continue to be favorable.
- American has increased on-pack coupon and buydown support on Misty and Montclair. This may suggest a willingness to compete at low end prices in the absence of a strong Private Label.
 - Since the August price change, Misty and Montclair experienced more than +20% share gains in Nielsen supermarkets.
- Latest results from Basic's market level initiative are still inconclusive. Thus far, strongest Basic gains are evident in markets driven by Discount category growth.

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